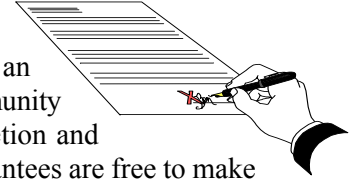


SECTION C. CDBG CONTRACT

1. CONTRACT EXECUTION

Following the completion of the required training session, and assuming that an acceptable final application has been submitted, the Division of Housing and Community Development (HCD) will distribute a contract to the grant recipient for completion and signature. It is vital that the contract be completed immediately upon receipt. Grantees are free to make copies of the contract for temporary use until a fully executed copy is returned following the process described below. HCD suggests that local officials have the jurisdiction's attorney review the contract for accuracy to ensure that it is consistent with local powers and authorities. Any discrepancies should be addressed to HCD.



Completion of the contract should begin **immediately** after the grantee receives the contract from the state. To expedite the process an electronic copy of the contract will be **E-mailed** to the program manager in Rich Text Format (rtf). This format should work on most computers, however if the formatting doesn't appear similar to the sample please advise HCD and staff will mail hard copies. Upon receipt, the grantee should make **three copies**, using information from the final application, or more applicable current data if available; attach a finalized scope of work and a detailed budget. The jurisdiction's **chief elected official must sign all three copies**. The clerk, treasurer, or recorder should then witness the contract. **All** copies should be returned to HCD. After execution by the state, a completed copy of the fully executed contract will be returned to the locality. Additional copies may be made and maintained but the original contract should be maintained in the grantee's CDBG files.

There are specific penalties stipulated in the application guidebook for grantees that return contracts late. All contracts should be returned by July 1, 2005. Under special circumstances, the local Rating and Ranking Committee (RRC) may give jurisdictions an additional month, up to August 1, 2005. During the month of August the RRC may reallocate funds that are not contracted within the respective region. The state reserves the right to reallocate un-contracted funds to any region if the RRC fails to reallocate its funds by September 1, 2005!

ANY CONTRACTS NOT PROPERLY COMPLETED WILL BE RETURNED TO THE GRANTEE.

No costs may be charged against a CDBG contract until the contract has been completed in accordance with these instructions and signed by the appropriate state officials. No work should be performed or costs incurred until such time as a fully executed contract is received. Any such costs will be considered ineligible and become the responsibility of the grantee.

2. REQUESTING AN AMENDMENT

The CDBG process allows grantees to request amendments to their contracts under certain circumstances. A request for an amendment must be submitted in letterform to your state program specialist, explaining the reason for the request. The request must include all necessary information i.e.:

- 1- The proposed date for an extension needed (see also Attachment B of the Contract, Additional Terms and Conditions, subparagraph 8),
- 2- The proposed change in the scope of work; and/or
- 3- The proposed budget revision.

The state program specialist will review the request. Upon approval, relatively small changes (less than 10% of contract total) may not require formal action. Staff will use the following criteria in determining the reasonableness of the request:

- 1- Has the grantee demonstrated consistent and acceptable performance during the contract period?

- 2- Has the grantee demonstrated diligent project development?
- 3- What has been the grantee's performance on prior grants, if any?
- 4- Is there good probability of completion within a reasonable time frame?
- 5- Has the grantee maintained good communication with HCD during the length of the contract (phone, letter, e-mail, progress reports)?

EXTENSION:

- 1-Has the project design met the conditions below:
 - a. Engineer/Architect design and bid ready, specifications were completed by January 31, 2006.
 - b. Advertisements for bids were published prior to February 28, 2006.
 - c. A Bid Award was issued by April 15, 2006.
 - d. A Notice to proceed was issued by May 31, 2006.
- 2-If the conditions above were not met, are there extenuating circumstances that were encountered which the state has agreed to consider, i.e. weather problems, funding or contractor problems, or administrative problems (new employees, loss of CDBG program manager, change in administration, etc)?

SCOPE:

- 1-Would a change in the scope alter the original project to such an extent that the National Objective may be affected, i.e. the completion of a smaller area of work that would result in reducing the percentage of low/moderate beneficiaries?
- 2-Would a change in the scope result in a reduction in the original rating/ranking position of the application that would place it below the final point of funding for that region?

BUDGET:

- 1-Grantees may shift up to 10% of the total project budget—EXCLUDING ADMINISTRATIVE COSTS- without submitting an amendment. The grantee should contact their program specialist to make them aware of this change, however, prior to submitting a cash request.
- 2-Does the revised budget demonstrates that the entire project, as originally proposed, will be accomplished?

If, after reviewing these criteria, the amendment seems warranted, send the letter of request to the state program specialist. An amendment form(s) for the requested change will be sent back for completion. All three copies of the form are to be returned to HCD for final execution in the same manner that the contract is processed. After execution of the amendments, a completed copy will be returned to the jurisdiction to be attached to the jurisdictions copy of the contract.

No requested amendment changes may be initiated until the grantee has received a fully executed copy of the amendment.